

Smart Housing Mix Ordinance Study

City Planning Commission
Meeting
February 21, 2017



City of New Orleans
City Planning Commission

Smart Housing Mix Study

- The City Council adopted Motion M-16-490 directing the City Planning Commission to study the creation and implementation of a Smart Housing Mix Ordinance;
- City Planning Commission held a public hearing on November 8, 2016;
- On February 14, 2017 the Smart Housing Mix Ordinance Study was released to the public;
- Today, the City Planning Commission considers the Smart Housing Mix Ordinance Study so it can be submitted to the City Council by the February 24, 2017 deadline.

Scope of Smart Housing Mix Ordinance Study

The Motion directs CPC to consider the following subject matter:

1. The creation and implementation of a Smart Housing Mix Ordinance that leverages market rate development activity to build and preserve lower-priced housing;
2. Consider requiring or incentivizing the addition of lower-priced homes and apartments within otherwise market-rate developments; and
3. Research and make recommendations to the Comprehensive Zoning Ordinance and other applicable codes, if necessary.

Smart Housing Mix Ordinance Study

- There are more 500 cities and counties in the U.S. that have adopted an inclusionary zoning policy
 - There is considerable diversity in the design and implementation of the programs
 - There have been varying degrees of success in the programs
- The U.S. Department of Housing and Urban Development (HUD) considers families who pay more than thirty (**30%**) percent of their income for housing and utilities to be **cost burdened**
- Families that pay more than fifty (**50%**) percent of their income for housing and utilities are considered to be **severely cost burdened**
- In New Orleans, **58%** of households pay **one-third or more** of their monthly income on housing costs while **37%** pay **one-half or more** of their income on housing costs

Sources: U.S. Department of Housing and Urban Development, http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/; HousingNOLA, *10 Year Strategy and Implementation Plan for a More Equitable New Orleans (2015)*

Smart Housing Mix Ordinance Study Background

- May 2015 – the City Council adopted a new Comprehensive Zoning Ordinance with affordable housing density bonus provisions included in CBD Districts, Planned Developments, and the Riverfront Overlay;
- September 2015 – the City Council amended the CZO to provide incentive based density bonus provisions in all districts that allow multi-family development;
- September 2016 – Street Level Advisors, a nationally recognized firm specializing in density bonuses and housing strategy was engaged to evaluate the likely utilization of these programs and make recommendations regarding implementation of the density bonuses;
- April - December 2016 – Grounded Solutions Network researched and facilitated a discussion with dozens of experts, advocates, and policymakers on whether an inclusionary housing policy could work in New Orleans;
- December 2016 Grounded Solutions Network presented the City Planning Commission staff with its recommendations in the *New Orleans Smart Housing Mix Study*.



Smart Housing Mix Ordinance Study Goals

- Evaluate the Grounded Solutions Network and Street Level Advisor reports to determine how the proposed recommendations can be applied to meet New Orleans specific housing needs;
- Provide recommendations for implementation of a Smart Housing Mix policy in the Comprehensive Zoning Ordinance;
- Provide recommendations for implementing a Smart Housing Mix policy in the City Code as well as any Administrative regulations; and
- Propose steps needed to create, fund, monitor, and enforce a Smart Housing Mix Program.



Smart Housing Mix Policy Recommendations

- The CZO should be amended to create a new article to implement the Smart Housing Mix Policy;
- Inclusionary zoning should be mandatory within a defined target area and voluntary elsewhere;
- Affordable housing units shall be required in developments of 10 or more multi-family housing units;
- Development projects with 5 to 9 units shall provide a payment in-lieu fee;
- 12% of the housing units shall be set aside in new developments, adaptive reuse projects, or substantial renovation projects;
- Units should remain affordable for a term of 50 to 99 years;

Smart Housing Mix Policy Recommendations cont'd

- The Smart Housing Mix Policy should apply to both rental and for-sale multi-family developments and should apply to standalone or mixed-use developments;
- Rental units shall be affordable to families earning 60% of Area Median Income;
- For-sale units shall be affordable to families earning 80% of Area Median Income; and
- Incentives should be provided to defray the cost of providing affordable units, including density bonuses, parking reductions, and tax abatements.

Need for Further Discussion & Consideration

- Establishing the boundary of the mandatory inclusionary zone
- Expert consultation to establish in-lieu fee formula
- Smart Housing Mix Ordinance administrative policies and framework:
 - Building permit review
 - Marketing of affordable units
 - Selection of tenants
 - Long-term monitoring
 - Administrative funding of the program
- Development of tax incentives, including Restoration Tax Abatement (RTA) and Payment in Lieu of Taxes (PILOT)

Smart Housing Mix Ordinance Study Next Steps

- This Study is the first step in creating and implementing a Smart Housing Mix Ordinance;
- Further action is required to implement any of the recommendations in this study;
- Comprehensive Zoning Ordinance changes require:
 - A City Council motion for a text amendment,
 - City Planning Commission consideration and recommendation, and
 - Final adoption by the City Council (public hearings are required at each step);
- City Code changes require:
 - City Council public hearing and vote on an ordinance;
- Tax incentive structure changes require:
 - Administrative changes to current policy

